

Investors Meeting for FY 2004 Financial Results

The Chugoku Electric Power Co., Inc.
May 20, 2004

In this presentation, the term “Fiscal Year 2004” describes the period which ended March, 2004

FY 2004 financial Results Summary [Comparison with the previous year]

⟨Decrease in Revenue · Decrease in Profit⟩[Unit : hundred million yen]
[Ignored less than hundred million yen]

	FY2004 (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B)
Revenue	9 , 1 2 8	9 , 6 5 4	5 2 6	9 4 . 5 %
Operating Profit	9 9 4	1 , 2 6 2	2 6 8	7 8 . 7 %
Ordinary Profit	6 1 1	6 6 7	5 5	9 1 . 7 %
Net Income	3 9 5	4 5 6	6 1	8 6 . 5 %

(Electricity sales that have not decreased for 2 years decreased to 99.3% compared with the previous year.)

- Living-Related Demand(Lighting,etc.) is below last year's result due to the record cool summer and warm winter.
- Large industrial demand is below last year's result due to the extended self generation and the adjustment of the steel production in the latter half year,etc.

			FY2004 (A)	FY2003 (B)	Difference (A - B)
Other Than Specified-scale Electric Power	(Comparison with the previous year) Lighting	(%) Million kWh	(98.9) 16,667	(102.8) 16,850	183
	(Comparison with the previous year) Industrial and Commercial	(%) Million kWh	(99.0) 21,988	(101.3) 22,207	219
	(Comparison with the previous year) Subtotal	(%) Million kWh	(99.0) 38,655	(101.9) 39,057	402
Specified-scale Electric Power		(%) Million kWh	(99.9) 16,779	(109.8) 16,790	11
Total Electricity Sales		(%) Million kWh	(99.3) 55,434	(104.2) 55,847	413
[Details] Large-Scale		(%) Million kWh	(99.7) 20,801	(107.8) 20,865	64

[Revenue]

[Unit : hundred million yen]
[Ignored less than hundred million yen]

		FY2004 (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B ,%)	Breakdown	
Operating Revenue	Electricity sales	Lighting	3,488	3,647	158	95.7	<ul style="list-style-type: none"> · Decrease due to the rate cut 270 · Decrease in Electricity Demand 66 · Different composition of lightning and electric power ,etc. 21
		Industrial and Commercial	5,050	5,249	199	96.2	
		Subtotal	8,538	8,896	357	96.0	
	Sales to Other Companies etc.	589	758	169	77.7	· Decrease in sales from Misumi power station 205 ,etc.	
	Total	9,128	9,654	526	94.5		
Other Revenues		90	64	26	141.5	<ul style="list-style-type: none"> · Increase in gains on sales of securities 24 ,etc. (Included in extraordinary income in FY2003) 	
Total		9,218	9,719	500	94.9		

[Expenditure]

[Unit : hundred million yen]
[Ignored less than hundred million yen]

		FY2004 (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B ,%)	Breakdown
Personnel		1,320	1,276	43	103.4	· Severance benefit 45 ,etc.
Material	Fuel	1,000	1,104	104	90.6	· Expanding coal use 190 · Strong yen rate 90
	Purchased Power	1,344	1,414	70	95.0	· Increase in water flow 54 · Decrease in purchased power DC 17
	Subtotal	2,345	2,519	174	93.1	· Decrease in electricity sales demand 14 · Decrease in nuclear use 163 · High CIF crude oil price 44 ,etc.
Maintenance		862	868	5	99.3	· Nuclear Power 113 · Thermal Power ,etc. 119
Depreciation		1,564	1,668	103	93.8	· Decrease due to progress in the fixed-rate depreciation
Interests		367	566	198	64.9	· Decrease in loss on debt-assumption 122 · Decrease in interest-bearing Loan Debt 30 ,etc.
Other Expenses		2,145	2,151	6	99.7	· Decrease in provision for decommission of nuclear power plant 24
Total		8,606	9,051	444	95.1	· Losses on revaluation of the prior investment for Misumi No.2 22 ,etc.



FY2004 Financial Results ~ Non Consolidated ~

[Comparison with the previous year]

[Profits etc.]

[Unit : hundred million yen]
[Ignored less than hundred million yen]

	FY2004 (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B,%)	Breakdown
Ordinary Profit	611	667	55	91.7	
Reserves for Fluctuation in Water Level	7	-	7	-	
Extraordinary Income	-	49	49	-	· Decrease in gains on sales of securities 49 (Included in other expenses in FY2004)
Income taxes – Current	284	313	29	90.7	· Decrease in income before taxes
Income taxes – Deferred	75	53	21	139.4	
Net Income	395	456	61	86.5	
(Operating Expense)	(8 , 133)	(8 , 392)	(258)	(96 . 9)	
(Operating Profit)	(994)	(1 , 262)	(268)	(78 . 7)	

〈Decrease in Revenue · Decrease in Profit〉

[Sales Amount(Operating Revenue)]

Decrease due to the rate cut

[Ordinary Profit]

Decrease due to decrease in sales amount ,in spite of
 overall management efficiency

[Unit : hundred million yen]
 [Ignored less than hundred million yen]

	FY2004 (A)	FY2003 (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9,670	10,092	422	95.8%
Operating Profit	995	1,269	273	78.4%
Ordinary Profit	638	683	44	93.5%
Net Income	428	441	12	97.2%

FY2004 Balance Sheet ~ Non Consolidated ~ [Assets]

Decrease 111 billion yen due to decrease 104.4 billion yen in depreciation of existing utility Plant and Equipment

[Unit : hundred million yen]
[Ignored less than hundred million yen]

Assets																	
		End of FY2004 (A)	End of FY2003 (B)	Difference (A - B)	Breakdown												
Property	Plant and Equipment	20,413	21,457	1,044	<table border="1"> <tr> <td colspan="2">Plant and Equipment Breakdown</td> </tr> <tr> <td>Investments</td> <td>685</td> </tr> <tr> <td>Depreciation</td> <td>1,566</td> </tr> <tr> <td>Disposal ,etc.</td> <td>163</td> </tr> <tr> <td>Difference</td> <td>1,044</td> </tr> <tr> <td>Accumulated Depreciation Ratio (End of previous year)</td> <td>64.0% (61.8%)</td> </tr> </table>	Plant and Equipment Breakdown		Investments	685	Depreciation	1,566	Disposal ,etc.	163	Difference	1,044	Accumulated Depreciation Ratio (End of previous year)	64.0% (61.8%)
	Plant and Equipment Breakdown																
	Investments	685															
	Depreciation	1,566															
	Disposal ,etc.	163															
	Difference	1,044															
	Accumulated Depreciation Ratio (End of previous year)	64.0% (61.8%)															
Plant of subsidiary b u s i n e s s	28	20	8														
Plant out of business	67	68	0														
Construction in p r o g r e s s	1,297	1,372	74														
Nuclear Fuel	1,171	1,178	6														
Other assets	1,336	1,257	78														
Net Property	24,314	25,353	1,038														
Net Current Property	872	944	71														
Total Assets	25,187	26,298	1,110														



FY2004 Balance Sheet ~ Non Consolidated ~ [Liabilities and Stockholders' Equity]

[Liabilities] Decrease 131.4 billion yen due to decrease in interest-bearing loan debt(116.5 billion yen)

[Stockholders' Equity] Increase 20.3 billion yen due to appropriate net income

[Unit : hundred million yen, Ignored less than hundred million yen]

Liabilities and Stockholders' Equity																	
		End of FY2004 (A)	End of FY2003 (B)	Difference (A - B)	Breakdown												
Liabilities	Long-term Liabilities	16,033	16,384	351	• Decrease in Interest-bearing Loan Debt 1,165 (17,769 16,603) • Decrease in accrued income taxes 148 ,etc.												
	Current Liabilities	3,763	4,733	970													
	Reserves for Fluctuation in Water Level	7	-	7													
	Total Liabilities	19,803	21,118	1,314													
Stockholders' Equity	Common Stock	1,855	1,855	-	<table border="1" style="width: 100%;"> <tr> <th colspan="2">Stockholders' Equity Ratio</th> </tr> <tr> <td>End of FY2004</td> <td>End of FY2003</td> </tr> <tr> <td>21.4%</td> <td>19.7%</td> </tr> </table> <table border="1" style="width: 100%;"> <tr> <th colspan="2">Bonds · Borrowings Ratio</th> </tr> <tr> <td>End of FY2004</td> <td>End of FY2003</td> </tr> <tr> <td>65.9%</td> <td>67.6%</td> </tr> </table>	Stockholders' Equity Ratio		End of FY2004	End of FY2003	21.4%	19.7%	Bonds · Borrowings Ratio		End of FY2004	End of FY2003	65.9%	67.6%
	Stockholders' Equity Ratio																
	End of FY2004	End of FY2003															
	21.4%	19.7%															
	Bonds · Borrowings Ratio																
	End of FY2004	End of FY2003															
65.9%	67.6%																
Capital Surplus	166	166	-														
Retained Earnings	3,382	3,172	210														
Net unrealized holding gains on securities	90	57	33														
Treasury Stock	111	71	39														
Total Stockholders' Equity	5,383	5,180	203														
Total		25,187	26,298	1,110													

FY 2004 Financial Results Summary

[Comparison with Interim Declaration]



FY2004 Financial Results : Major Factors ~ Consolidated ~

[Comparison with Interim Declaration]

[Sales Amount]

		FY2004 Result (A)	Interim Declaration (B)	Difference (A - B)	Breakdown									
(Comparison with the previous year) Lightning	(%) Million kWh	(98.9) 16,667	(100.4) 16,912	245	· Demand for heating decreased due to the warm winter [DATA] Lightning demand <table border="1"> <thead> <tr> <th></th> <th>February</th> <th>March</th> </tr> </thead> <tbody> <tr> <td>Comparison with Interim Declaration</td> <td>98.3%</td> <td>94.4%</td> </tr> <tr> <td>Difference from the temperature of ordinary years</td> <td>+ 1.6</td> <td>+ 0.7</td> </tr> </tbody> </table>		February	March	Comparison with Interim Declaration	98.3%	94.4%	Difference from the temperature of ordinary years	+ 1.6	+ 0.7
	February	March												
Comparison with Interim Declaration	98.3%	94.4%												
Difference from the temperature of ordinary years	+ 1.6	+ 0.7												
(Comparison with the previous year) Industrial and Commercial	(%) Million kWh	(99.4) 38,767	(98.7) 38,509	258	· Increase in industrial demand due to the recover of production									
(Comparison with the previous year) Total	(%) Million kWh	(99.3) 55,434	(99.2) 55,421	13										

[Major Factors]

		FY2004 Result (A)	Interim Declaration (B)	Difference (A - B)
Exchange Rate(Inter bank)	¥ / \$	113	114	1
CIF Crude Oil Price	\$ / b	29.4	28	1.4
Water Flow Ratio	%	105.9	115	9.4
Nuclear Capacity Factor	%	68.5	71	2.5

[Sales Amount(Operating Revenue)]

Decrease due to decrease 68 hundred million yen in living-related demand(lightning) because of the warm winter ,etc.

[Operating Profit]

Decrease due to decrease in sales amount ,in spite of proceeding overall management efficiency in the latter half year

[Ordinary Profit]

Decrease due to decrease in operating profit

[Net Income]

Decrease due to decrease in ordinary profit ,etc.

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2004 Result (A)	Interim Declaration (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9 , 1 2 8	9 , 2 0 0	7 2	9 9 . 2 %
Operating Profit	9 9 4	1 , 0 4 0	4 6	9 9 . 6 %
Ordinary Profit	6 1 1	6 4 0	2 9	9 5 . 5 %
Net Income	3 9 5	4 1 0	1 5	9 6 . 3 %



FY2004 Financial Results Summary(Consolidated) [Comparison with Interim Declaration]

[Sales Amount(Operating revenues)]

Decrease due to decrease in the Chugoku Electric Power Company itself.

[Operating Profit]

Decrease due to decrease in the Chugoku Electric Power Company itself.

[Ordinary Profit]

Despite a fall in the ordinary profit of Chugoku Electric Power Company itself, increases in the ordinary profits of the consolidated subsidiaries resulted in an ordinary profit figure that was more or less as forecast.

[Net Income]

This enjoyed a rise thanks to the ordinary profit figure being more or less as forecast, and additionally to the gain on change in subsidiary holding ratio (amounting to 1.9 billion yen) that resulted from treasury stock acquisition by Chudenko (5.26 million shares).

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2004 (A)	Interim Declaration (B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9,670	9,700	30	99.7%
Operating Profit	995	1,020	25	97.5%
Ordinary Profit	638	640	2	99.7%
Net Income	428	400	28	107.0%

FY2005 Financial Results Estimate Summary



[Electricity Sales]

		FY2005 Estimate	FY2004 Result
(Compared with the previous year)	(%)	(101.1)	(99.3)
Electricity Sales	Million kWh	56,019	55,434

[Major Factors]

		FY2005 Estimate	FY2004 Result
Exchange Rate	¥ / \$	110	113
CIF Crude Oil Price	\$ / b	30	29.4
Water Flow Ratio	%	100	105.9
Nuclear Capacity Factor	%	76.2	68.5

**[Sales Amount(Operating Revenue)]**

Increase due to increase in electricity sales ,etc.

[Operating Profit]

Despite an increase in fuel expenses due to a sharp rise in the price of overseas coal, operating profit shall increase thanks to overall management efficiency improvement coupled with a reduction in personnel costs achieved through disposal of past service liabilities via a restructuring of the severance benefit and pension system.

[Ordinary Profit]

Increase due to decrease in interests etc. in addition to increase in operating profit

[Net Income]

Increase due to increase in ordinary profit ,etc.

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2005 Estimate(A)	FY2004 Result(B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9 , 2 0 0	9 , 1 2 8	7 2	1 0 0 . 8 %
Operating Profit	1 , 0 6 0	9 9 4	6 6	1 0 6 . 6 %
Ordinary Profit	7 4 0	6 1 1	1 2 9	1 2 1 . 1 %
Net Income	4 8 0	3 9 5	8 5	1 2 1 . 5 %

**[Sales Amount(Operating Revenue)]**

A revenue increase shall be achieved by Chugoku Electric Power Company itself, and there shall be a revenue increase due to increased sales by consolidated subsidiaries to customers outside the Group.

[Operating Profit]

A increase shall be achieved mainly by Chugoku Electric Power Company itself.

[Ordinary Profit]

A increase shall be achieved mainly by Chugoku Electric Power Company itself

[Net Income]

The increase in ordinary profit shall produce an increase in the net income, despite the loss (around 3 billion yen) resulting from the abolishment of the Energia Communications PHS voice telephone service.

[Unit : hundred million yen]

[Ignored less than hundred million yen]

	FY2005 Estimate(A)	FY2004 Result(B)	Difference (A - B)	Comparison (A / B)
Sales Amount	9,800	9,670	130	101.3%
Operating Profit	1,070	995	75	107.5%
Ordinary Profit	750	638	112	117.6%
Net Income	460	428	32	107.5%

○Variation in demand

- Raising of the long-term contract ratios of the liberalized sections via strengthening of the sales system based on competition trends, etc., and expansion of sales via total solution proposal activities
- Effort to lessen weather risks by introducing weather derivative contracts

○Variation in fuel prices

- Stable and economical procurement that responds to variation in demand and supply

○Variation in interest rates

- Reduction in procurement interest through utilization of short-term interest rates together with a high proportion of long-term fixed-interest financing

○Other

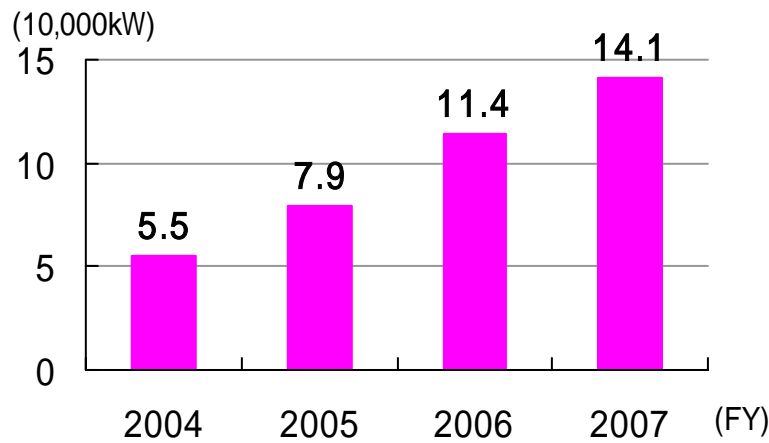
- Promotion of enhanced efficiency in the implementation phase, so as to accommodate future changes in circumstances such as decreased sales due to cool summers or warm winters, further sharp rises in fuel prices, or lowering of electricity charges

Conditions of Start-up Businesses

Energia Solution & Service Co., Inc. (ESS)

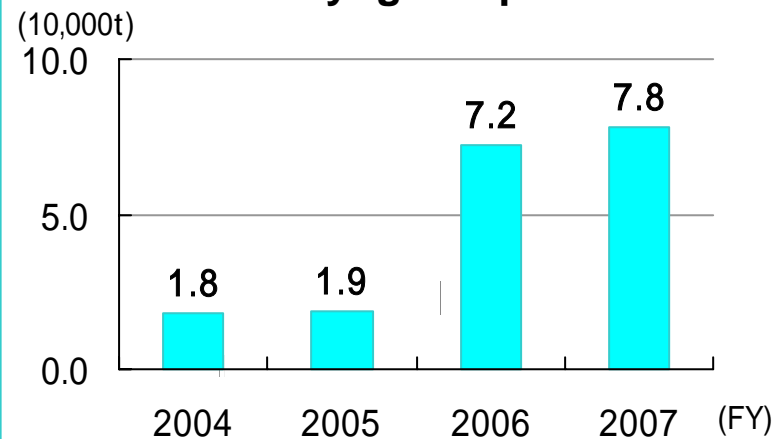
Co-generation business plan

- Strengthen competitiveness by rounding out utility services into packages that include heat storage equipment and boilers as well as co-generation



LNG sales business plan

- Expand sales through alliances with city gas companies
- Develop sales by targeting industrial customers for conversion to LNG
- Raise added value through effective use of LNG cryogenic power

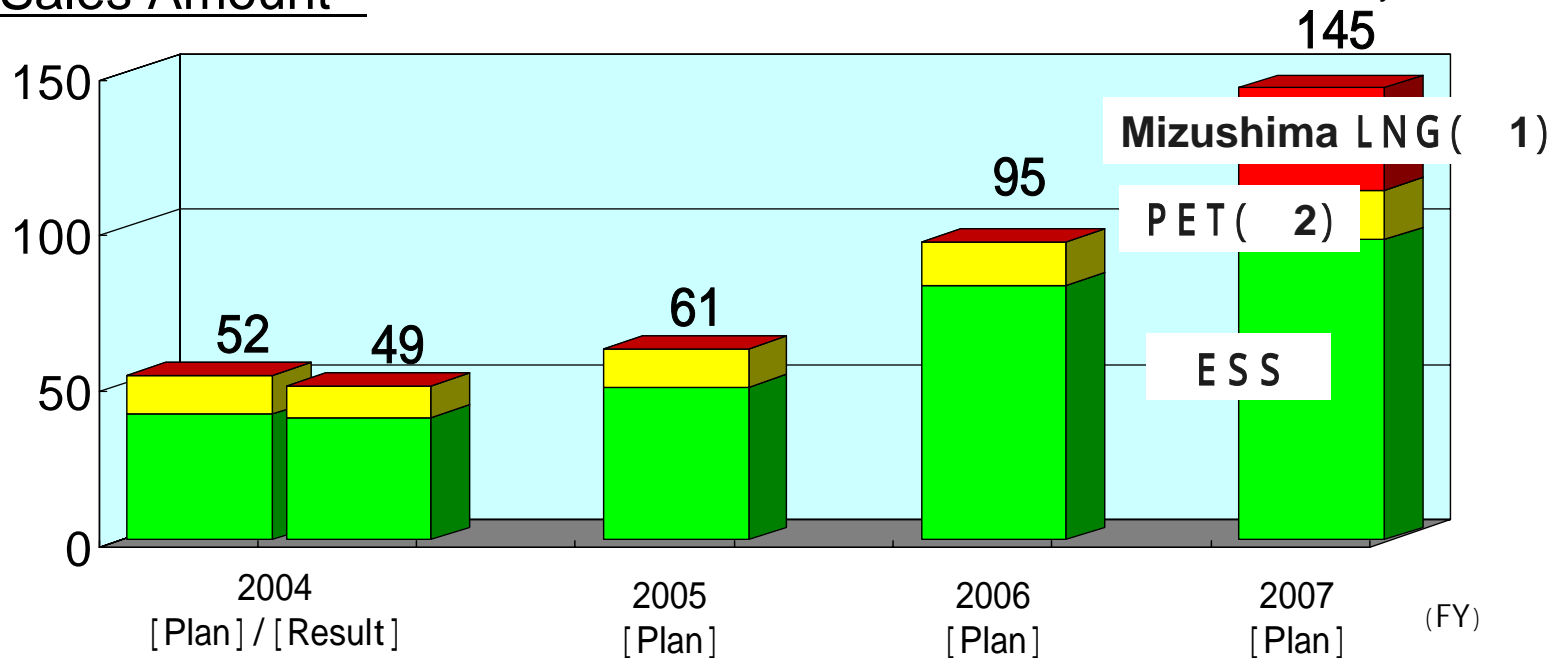


○Mizushima LNG Co., Ltd. and Mizushima LNG Sales Co., Ltd.

- Scheduled to commence commercial operation April 2006
- Currently engaged in activities for sales to city gas companies, etc.

Sales Amount

(Hundred million yen)



Ordinary Profit

(Hundred million yen)

FY	FY2004		FY2005 Plan	FY2006 Plan	FY2007 Plan
	Plan	Result			
ESS	0.1	0.9	0.1	1.1	4.3
PET	0.2	0.0	0.2	0.6	1.0
Mizushima LNG	3.9	0.6	0.6	0.6	3.2
Mizushima LNG Sales	0.5	0.5	0.5	0.7	1.4

(1) : Sales Amount of Mizushima LNG are the total of the base and sales operations.

(2) PET : Power Engineering and Training Service Co.,Inc

(3) Ignored less than 100 million yen.

Information business**[Business strategy]**

- Expand orders from ordinary enterprises and local government, etc.

Telecommunications business**[Business strategy]**

- Place emphasis on engagement in growth fields (such as FTTH)
[Raise capacity factors via concentrated sales promotion activities in each area]
- Further reduce costs
- Make strategic exits from unprofitable businesses



Moving into the black in FY 2007

Abolishment of PHS voice service

The acceptance of new applications ended on 19 May 2004. PHS voice service will be stopped in the future.

Reasons for abolishment

- **Intensified competition from cell phone companies and abolishment of services by Astel Group companies caused a shrinkage of the utilization area lying outside the Chugoku region, so that the numbers of users fell, making it difficult to improve the balance of revenues and expenditures**

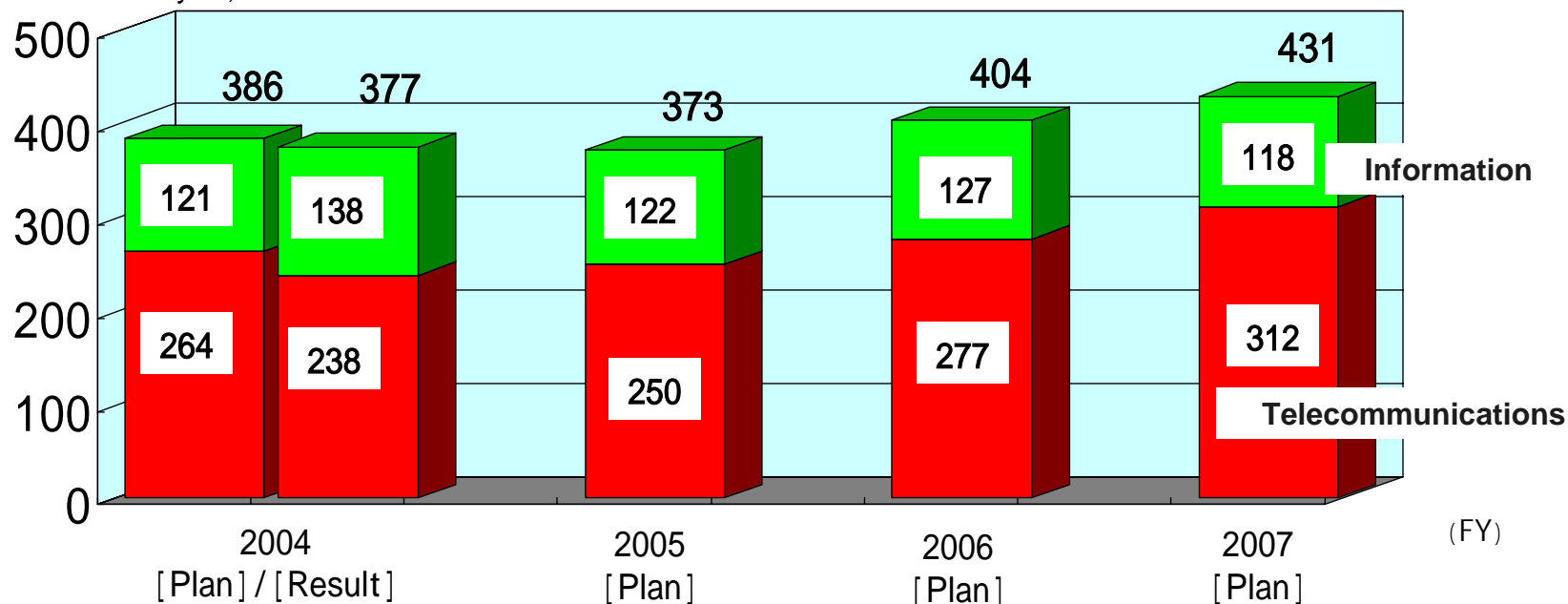
Ideas for PHS business in the future

- **Specialize in data telecommunications services (flat-rate Internet connection services)**

Financial Results for Energia Communications

Sales Amount

(Hundred million yen)



Ordinary Profit · Net Income

(Hundred million yen)

FY	FY2004		FY2005 Plan	FY2006 Plan	FY2007 Plan
	Plan	Result			
Ordinary Profit	18	23	41	9	30
Net Income	19	18	71	6	21

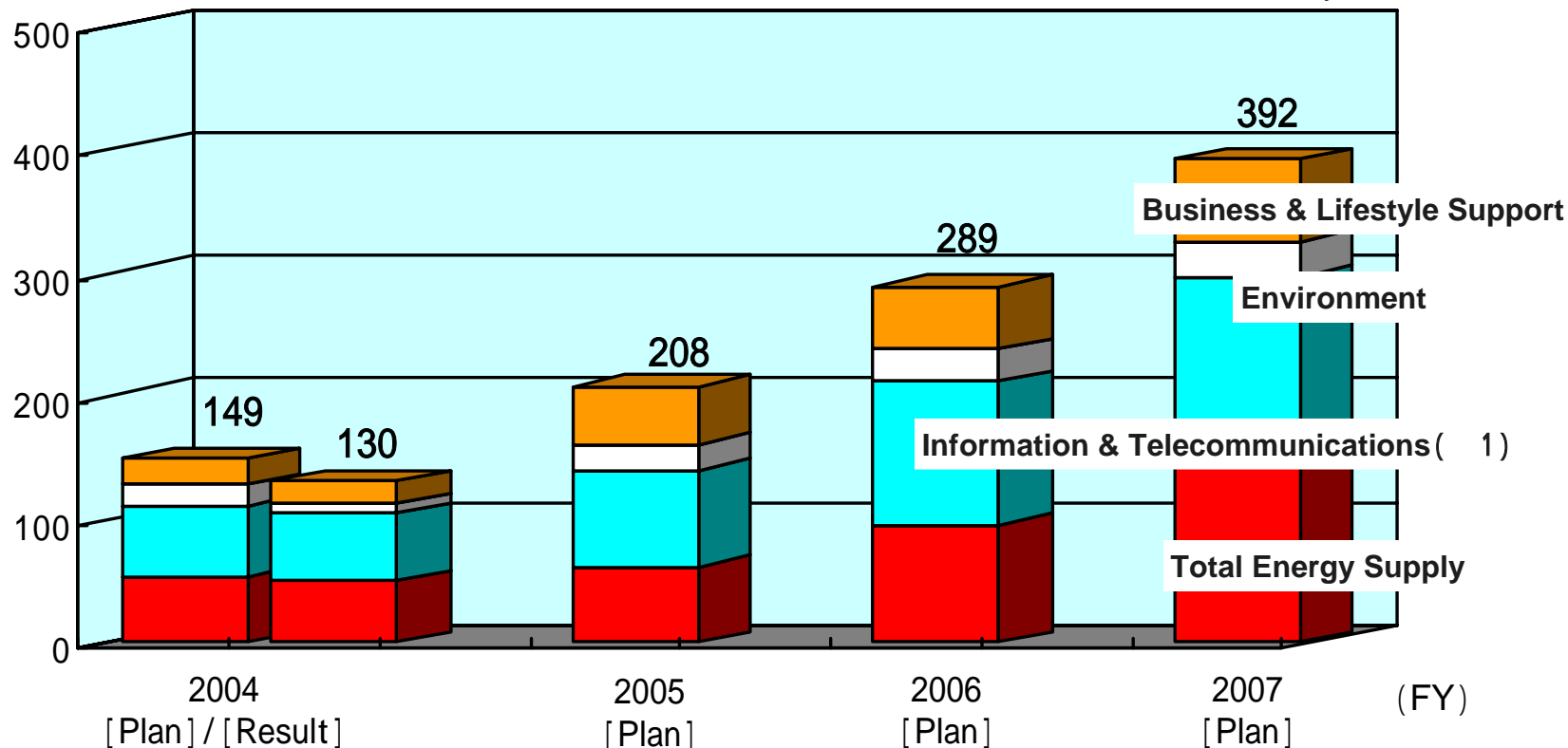
(1) FY2004 Plans and Results are the total of CIS and CTNet through the first quarter.

(2) Ignored less than 100 million yen

Results for Start-up Business

Sales Amount

(Hundred million yen)



Ordinary Profit

(Hundred million yen)

FY	FY2004		FY2005 Plan	FY2006 Plan	FY2007 Plan
	Plan	Result			
Ordinary Profit	27	30	27	10	30

(1) Telecommunications involves the following operations : Fiber Optic Core Line Leasing, Data center, Internet-related Business

(2) Ignored less than 100 million yen

State of Achievement of Management Goals [Non-Consolidated]

~ Management goals that aim for improvements in business results and financial strength ~

Numeric Goals	FY 2003-2005 Average	FY 2003 Result	FY 2004 Result	FY 2005 Estimate
Equity Ratio	Approx. 23% (End of the FY2005)	19.7%	21.4%	23.1%
ROE (Return On Equity)	Approx. 8%	9.0%	7.5%	8.7%
ROA (Return On Assets After Taxes)	Approx. 3%	3.0%	2.5%	2.7%
Ordinary Profit	Over 70 Billion Yen	66.7 Billion Yen	61.1 Billion Yen	74.0 Billion Yen
Free Cash Flow	Over 110 Billion Yen	150.2 Billion Yen	140.7 Billion Yen	100.0 Billion Yen

【DATA】

1. Electricity Sales

1. Electricity Sales

[FY2005 electricity sales result]

Demand Type		FY2004 Result	
Other than Specified-scale Electric Power	Lighting	(98.9) 16,667	
	Industrial and Commercial	Commercial	(100.3) 9,332
		Low Voltage	(91.1) 2,332
		High Voltage A	(101.7) 4,623
		High Voltage B	(98.9) 4,654
		Others	(95.7) 1,047
		Subtotal	(99.0) 21,988
	Total Lighting · Industrial and Commercial		(99.0) 38,655
Specified-scale Electric Power		(99.9) 16,779	
Total Electricity Sales		(99.3) 55,434	

Specified-scale Electric power :
Receiving extra high voltage ,and maximum electricity demand is more than 2000kW in principle.

[Unit: million kWh] (): Comparison with previous year

[FY2005 electricity sales estimate]

Demand Type		FY2005 Estimate	
Other than Specified-scale Electric Power	Lighting	17,394	
	Industrial and Commercial	Commercial	7,414
		Low Voltage	2,416
		High Voltage A	4,520
		Others	991
		Subtotal	15,341
		Total Lighting · Industrial and Commercial	
	Specified-scale Electric Power		23,284
Total Electricity Sales		(101.1) 56,019	

Specified-scale Electric power :
Receiving extra high or high voltage , and maximum electricity demand is more than 500kW in principle.

2 . Revenue and Expenditure

[Unit : hundred million yen]

	FY2004 Result	FY2005 Estimate
Sales Amount (Electric utility operating revenue)	9 , 1 2 8	9 , 2 0 0
(Details) Electricity sales	8 , 5 3 8	8 , 7 4 0
(Details) Sales to other companies etc.	5 8 9	4 6 0
Other Revenues	9 0	8 0
Total Revenue	9 , 2 1 8	9 , 2 8 0
Personnel	1 , 3 2 0	1 , 0 9 0
Fuel	1 , 0 0 0	1 , 2 4 0
Purchased Power	1 , 3 4 4	1 , 3 9 0
Maintenance	8 6 2	9 1 0
Depreciation	1 , 5 6 4	1 , 4 6 0
Interests	3 6 7	3 3 0
Other Expenses	2 , 1 4 5	2 , 1 2 0
Total Expense	8 , 6 0 6	8 , 5 4 0
Ordinary Profit	6 1 1	7 4 0
Operating Profit	9 9 4	1 , 0 6 0

3 . Variables

[Unit : hundred million yen]

		FY2004 Result	FY2005 Estimate
Exchange Rate	1¥/\$	10	13
CIF Crude Oil Price	1\$/b	22	26
Water Flow Ratio	%	2	2
Nuclear Capacity Factor	%	6	6
Interest Rate	%	28	27

4 . Interest-bearing Loan Debt

[Unit : hundred million yen]

	FY2004 Result	FY2005 Estimate
Non-Consolidated	16,603	15,800
Consolidated	17,282	16,400

5 . Interest Rate

		FY2004 Result
Average	%	2.06
End-of-FY	%	2.08

6 . Capital Expenditure

[Unit : hundred million yen]

		FY2004		FY2005
		Plan	Result	Plan
Equipments	Hydroelectric	40	22	57
	Thermal	2	1	13
	Nuclear	201	91	193
	Transmission	87	69	86
	Transformation	35	30	19
	Distribution	70	71	70
	Dispatching · Others	70	72	11
	Subtotal	505	356	449
	Improvements	403	336	500
	Nuclear Fuel	128	111	160
	Subtotal	1,036	803	1,109
	Subsidiary Business and Others	15	14	3
	Total	1,051	817	1,112

7 . Completely Electrical Housing · Electric water heater

	Unit	FY2003 Result	FY2004		FY2005 Plan
			Plan	Result	
Completely Electrical Housing	Number of Housing	20,328	23,400	27,973	29,700
(Details) Newly constructed	Number of Housing	13,549	16,000	14,438	15,100
Remodeled	Number of Housing	6,779	7,400	13,535	14,600
Market share of newly constructed completely electrical housing	%	24.7	30.2	26.8	29.4
Electric water heater	Number of Heater	31,315	36,600	36,997	39,100
(Details) Ecocute	Number of Heater	2,490	-	7,200	-
Market share of electric water heater	%	11.2	11.7	11.8	12.4

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